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SUBJECT: KUWAIT HOSTS CONFERENCE ON MONEY LAUNDERING

¶1. (U) On November 4-6, the National Bank of Kuwait hosted a conference on money laundering entitled "First Kuwait & Middle East Conference for Combating Money Laundering (Risks & Trends)," under the patronage of PM Shaykh Nasir Al-Mohammad Al-Ahmad Al-Sabah. The two-day event included panels on the role of FATF and the Egmont Group; coordination of national, regional, and international action to combat money laundering; money laundering and Islamic law; and the experience of Arab countries in combating money laundering.

¶2. (U) Econoffs attended several sessions at the conference, along with representatives from the UN, World Bank, IMF, World-Check, and from Kuwaiti ministries and financial institutions. Egypt was the only Arab country to participate, fielding representatives from the Ministries of Justice and Interior, the Anti-Money Laundering Board, and the Central Bank.

¶3. (U) Minister of Commerce and Industry Falah Al-Hajeri kicked off the opening session with a speech highlighting GOK efforts to develop Kuwait's infrastructure as an emerging commercial and financial center in the region, and emphasized the role all monetary institutions must play in monitoring suspicious financial transactions.

¶4. (U) CNBC Arabia covered the opening of the conference, while subsequent proceedings were carried by Kuwaiti private television Al-Rai. English-language daily Kuwait Times carried an interview with Ali Mousa Al-Mousa, Chairman of the Securities Group, who characterized money-laundering operations as the most significant threats to financial institutions. KUNA interviewed Gamal Zayed, General Manager of the Al-Muzaini Exchange Company, who highlighted IMF figures claiming that money laundering represents two to five percent of global financial transactions annually, to the tune of USD 1.5 trillion.

Recommendations

¶5. (U) After the two-day event, the conference committee issued the following set of recommendations:

-- Arab countries that do not have legislation for money laundering (ML) and terrorist finance (TF) should expedite such legislation. Those who already have such legislation should amend it in compliance with international standards.

-- Arab countries should sign UN agreements on transnational organized crime, anti-corruption, and terrorist finance

-- Arab countries should join MENA-FATF in order to consolidate partnerships against money laundering.

-- Arab countries should join the EGMONT Group to enhance FIUs regionally and globally.

-- The conference highlighted the importance of coordination between

financial institutions, FIUs, law enforcement, and prosecution pertaining to ML and TF and recommended forming national committees to facilitate progress.

-- There should be computer links between the regulatory agencies for rapid exchange of information and decision-making.

-- There should be greater awareness throughout the public and private sectors about the negative impact of ML & TF.

-- Countries should take seriously requirements to identify and expose dubious clients and businesses.

-- It is important to distinguish between charitable works carried out by international Islamic charitable organizations, which should be encouraged and supported within an appropriate legislative and regulatory framework, and other terrorist finance activities.

-- Charitable organizations should practice greater transparency in their activities, and regulate themselves in compliance with international standards.

-- Countries should study the informal Hawala system, and take the necessary action to regulate it, in compliance with international standards.

-- It is important to activate the role of other entities, in addition to financial institutions, such as accountants, lawyers, and attorneys to help integrate systems for combating ML and TF.

Comment

16. (SBU) While we would have liked to see greater participation beyond the 50-60 individuals who turned out for the two-day event,

KUWAIT 00004428 002 OF 002

the conference does represent a step forward in terms of Kuwait's own efforts to tighten money-laundering mechanisms and provide practical training for people who work in the banking sector and relevant government ministries. The question and answer sessions were lively, if sparse. Most participants we spoke to were pleased with the convening of the conference, but those from the banking sector felt the program largely retraced old ground. A professor at the American University of Kuwait commented privately that he wished the panelist on Islamic law had gone beyond cautions that money-laundering is "un-Islamic" to provide more practical suggestions. The Deputy General Manager of Gulf Bank said he was disappointed that the turn-out was not higher, which he attributed to lack of publicity. The recommendations are certainly laudable, though, and if followed through would go a long way toward improving regional anti-money-laundering efforts.